

ACCII SVM GROUP

+1 (505) 570 1845

tunick@vsci.net

COMMENT ON BEHALF OF SMALL VOLUME MANUFACTURERS AS REGARDS PROPOSALS FROM ADVANCED CLEAN CARS II WORKSHOP, OCTOBER, 2021

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INTRODUCTION

This comment is submitted by the ACCII SVM Group (“the SVM Group”), an ad hoc alliance of the following small volume manufacturers (SVMs):

- Aston Martin
- Bugatti
- Czinger
- Gordon Murray
- Koenigsegg
- Lotus
- McLaren
- Pagani
- Rimac

Vehicle Services Consulting, Inc. has organized the preparation and submission of this comment.

We are addressing here the ongoing CARB rulemaking “Advanced Clean Cars II”, which seeks to implement regulatory changes to reduce criteria and greenhouse gas emissions from new light and medium-duty vehicles beyond the 2025 model year, and to increase the sales of zero-emission vehicles (ZEVs).

Generally speaking, SVMs are asking CARB to consider two things:

- All new provisions adopted under the ACCII rulemaking to have the same effective date for SVMs – MY 2030. This will allow SVMs to reduce testing and to consolidate development – important issues for SVMs given that an SVM’s new model introductions are quite wide-spaced (i.e., longer product life cycles).

- A new section in the CARB criteria emissions regulations which will allow “ultra-small volume manufacturers” to request, on a case-by-case basis, an extension of a compliance deadline upon a showing of hardship.

Below are the subjects of importance to SVMs at this point of the rulemaking, discussed in a summary fashion:¹

SVM COMMENTS ON PROPOSED I.C.E. REGULATIONS/STANDARDS CHANGES

- 1. Proposed deletion of ZEVs from calculation of NMOG+NOx fleet average –** CARB has proposed that the rule change will be applicable to SVMs starting with MY 2028

SVM Group position:

- SVMs are just now turning more and more to BEVs and PHEVs. (The ZEV rule is presently not applicable to SVMs.) Most SVMs have ICEs that offer high performance, and the number of engine families any one SVM offers is very limited – often just one. Furthermore, SVMs have smaller product lines, with fewer models and less model diversity than larger automakers, who can average luxury and performance vehicles across a much broader fleet. Simply put, SVMs cannot take advantage of the “averaging” aspect of the “fleet standard”. As a result, meeting the NMOG+NOx fleet average has been and is a challenge. Counting ZEVs in the NMOG+NOx fleet average is the one aspect of the fleet standard concept that SVMs can make use of. **WE PROPOSE THAT SVMs BE PERMITTED TO KEEP ZEVs IN THE NMOG+NOx FLEET AVERAGE.**
- We wish also for CARB to confirm that there will be no elimination of the “banking and trading” system whereby SVMs can purchase NMOG+NOx credits from larger manufacturers.

¹ This comment is the SVM Group’s initial comment and we intend to track the rulemaking and prepare further comments as the rulemaking process proceeds.

2. Proposed elimination of Bins 125 and 160 – CARB has proposed that SVMs would lose these bins in MY2029

SVM Group position:

- We request that for SVMs, Bin 160 be treated separately from Bin 125.
- For SVMs, Bin 160 should disappear in MY 2030
- For SVMs, Bin 125 should continue until MY 2035. This is very important because if an SVM with just one engine family could not meet Bin 70 – the next highest Bin below Bin 125 – then it simply could not certify. This is a very harsh result. The effect of eliminating Bin 125 is far more harsh than any reduction in a fleet average, which can be addressed by purchasing credits.

3. Proposed SFTP changes -- CARB has proposed that starting in MY 2028, ALL companies large and small must use the stand-alone US06 standard rather than the composite standard.

SVM Group position:

The SVM Group supports this proposed change.

4. Proposed US06 PM changes -- CARB has proposed that starting MY 2030 for SVMs, US06 PM standard = 3mg/mile.

SVM Group position:

The SVM Group does not oppose this proposal

5. Proposed Cold Start changes – CARB has proposed:

- Emission Control for All Vehicle Soak Durations– SVMs to comply MY 2028 (skip phase in)
- FTP with 8 second idle (new requirement with new standards) – SVMs to comply MY 2028 (skip phase in)
- New cold-start US06 certification test – SVMs to comply MY 2028 (skip phase-in)

SVM Group position:

- 8 second idle cold start – some SVMs estimate that with Bin 125 they may have 20% to 30% more NMOG+NO_x with an 8 second idle compared to emissions with the current 20 second idle using the same calibration / hardware.

Although CARB is proposing more lenient limits for the 8 second idle test, they are not doing so for Bin 125 (and do not even mention Bin 160).

It would be reasonable to also set a more lenient 8 second limit for Bin 125 on the same mathematical basis used to set the more lenient limits for the other bins. SVMs propose as follows:

FTP BIN	8 Second standard	8 second standard's increase over FTP Bin
160 (if available)	0.160	0.0
125	0.144	15%
70	0.082	17%
60	0.072	20%
50	0.062	24%

- Emission Control for All Vehicle Soak Durations – Too early for SVMs to comment on this issue at this time.
- New cold-start US06 certification test – Too early for SVMs to comment on this issue at this time.
- In general:
 - We emphasize that due to constraints on resources, SVMs are able to change their models much less frequently than large manufacturers and have longer development cycles, necessitating longer lead-time.
 - CARB's proposed cold start amendments would mean increased test burdens, even to provide attestations; one SVM

points out that the 8 second idle FTP will be a 2-day test routine for just 505 seconds of driving.

- In view of the above, we further request that the cold start amendments go into effect for SVMs in MY 2030

6. **Proposed evaporative changes** – CARB has proposed that starting in MY 2028 for SVMs, CARB will tighten the Running Loss Standard from 0.05 to 0.01 g/mile and to add a “puff test” for sealed gasoline tanks.

SVM Group position

- Running loss
 - Due limited resources and longer vehicle life cycles as discussed above, SVMs request that the start date for this change be MY 2030 for SVMs.
 - We assume that the point source method would still be permitted.
- Puff test -- Too early for SVMs to comment on this issue at this time.

SVM COMMENTS ON PROPOSED ZEV REGULATIONS/STANDARDS CHANGES

1. **Proposed battery durability requirements** — CARB has proposed that starting in MY 2026, BEV and FCEV test groups must be designed to maintain 80% of certified 2 cycle range for full useful life, defined as 10 years/150,000 miles; at time of certification, a manufacturer will have to submit battery degradation curve that shows projected compliance with full useful life standard.

SVM Group position

Consistent with the necessary SVM lead-time discussed above, we request that the battery durability requirements go into effect for SVMs in MY 2030.

2. **Proposed ZEV In-Use Compliance and Recall regulations** –

SVM Group position

Too early for SVMs to comment on this issue at this time.

3. Proposed battery warranty for 8 years/100,000 miles -- CARB has proposed:

- Warranty failure when battery less than 80% SOH
- Warranty reporting requirement for BEVs/FCEVs through warranty period
 - For "powertrain" components only
 - Verified warranty claims >4% (or 25 vehicles) on a component triggers corrective action plan

SVM Group position: Consistent with the necessary SVM lead-time discussed above, we request that the battery durability requirements go into effect for SVMs in MY 2030.

4. Proposed changes to PHEV minimum requirements under ZEV rule -

SVM Group position

Too early for SVMs to comment on this issue at this time.

5. Proposed Convenience Cord requirements-

SVM position

The SVM Group supports this proposal.

6. Proposed changes for SVMs and ZEV rule (minimum ZEV sales etc.) – CARB has proposed

- Requiring SVM compliance with ZEV fleet requirements beginning with 2035 model year
- No later than December 31, 2032, SVMs must submit to CARB a 2035 ZEV compliance plan, including technology and expected volumes

SVM Group position

The SVM Group supports this proposal.

**Request for New Regulation
Allowing Ultra-Small Volume Manufacturers
to Petition, on a case-by-case basis,
for an Extension of a Compliance Deadline for Hardship Reasons**

A company's very small size can exacerbate the challenges already facing SVMs as far as manpower, funding resources and access to suppliers necessary to meet increasingly more stringent requirements.

There is a clear precedent for CARB establishing a special extension of a compliance deadline for ultra-small volume manufacturers (USVMs).

In 1997, new CARB evaporative requirements were about to go into effect and certain very small SVMs needed more time. The solution proposed to CARB and which CARB accepted was to provide extra lead-time to USVMs, defined by CARB for the evap situation as SVMs "with California sales not exceeding 300 vehicles per MY, based on the average number of vehicles sold by the manufacturer in the previous three consecutive MYs."

See 1997 adopted regulations and materials:

- Final Regulation Order Amendments to California Code of Regulations, Title 13, Sections 1976, and amendments to the "California Evaporative Emission Standards and Test Procedures for 1978 and Subsequent Model Motor Vehicles," and which is incorporated by reference in Section 1976. ([PDF - 43K](#))
- Final Statement of Reasons for Regulations Adopted 5/24/97 ([PDF - 11K](#))

SVMs propose that CARB add a new rule to the ACCII provisions allowing USVMs to request extra lead-time.

SVM Group proposal

1. USVM be defined as: a small volume manufacturer with California sales not exceeding 300 vehicles per MY, based on the average number of vehicles sold by the manufacturer in the previous three consecutive MYs.
2. CARB adopt a USVM hardship provision following the rule that EPA had promulgated in its Tier 3 regulation, 40 CFR 86.1811-17(h)(3). Under that rule,

EPA will consider an SVM request for extra lead-time on a case-by-case basis. The EPA rule states as follows:

If meeting the Tier 3 standards would cause severe economic hardship, small-volume manufacturers may ask us to approve an extended compliance deadline under the provisions of [40 CFR 1068.250](#), except that the solvency criterion does not apply and there is no maximum duration of the hardship relief.

40 CFR 1068.250 provides, among other things, that an extended compliance deadline is possible upon a showing by the SVM that:

- (a) the burden of compliance costs prevents the SVM from meeting applicable requirements, and
- (b) no other allowances are available under the regulations to avoid an impending violation.

We strongly believe that CARB's adoption of a similar rule will provide USVMs with the opportunity obtain, on a case-by-case basis, extra lead-time upon a bona fide showing of need, while at the same time keeping such hardship relief limited to the smallest companies, thereby avoiding a negative environmental impact. Significantly a CARB USVM hardship rule that uses a case-by-case approach would be even more restrictive than the 1997 across-the-board lead-time relief that CARB had granted to USVMs regarding evaporative requirements.

We urge CARB to take this step – as standards become more and more stringent, reasonable new flexibilities must be extended to the smallest manufacturers.

Respectfully submitted,
ACCII SVM GROUP



by
Lance Tunick